A6755-1

NAFA Fleet Executive

The Magazine for Vehicle Management
July 1989

NAFA's 1989 Used Vehicle Marketing Survey Results

Is Your Replacement Cycle In Line?

Details on Upcoming Law Enforcement Group Workshop

Learn How to be a True Professional

For more than 30 years, the voice of fleet managers across the United States and Canada.

Cover design by Jeff Calvert

NAFA Fleet Executive

The Magazine for Vehicle Management

July 1989

NAFA Headquarters Staff

David P. Lefever
Executive Director

Barbara Grassi
Director of Membership

David Dvorak
Director of Meetings

Sara Rigg
Meetings Assistant

Dawn Yduate
Controller

David Leong
Computer Operator

Kathleen Graham
Manager
Certified Fleet Administrator Program

Patricia Senatore
Receptionist

Philip J. Russo
Director of Communications

NAFA
120 Wood Avenue South
Suite 615
Iselin, NJ 08830
(201) 494-8100
FAX (201) 494-6789

Fleet Executive © 1989 by NAFA, Inc., is the official monthly publication of the National Association of Fleet Administrators, Inc.

The contents of this publication may not be reproduced in whole or in part without the express written consent of NAFA.

Editorial comments and manuscripts are welcome and should be addressed to the Director of Communications.

For subscription information, advertising rates, or to join NAFA, please telephone Headquarters Office.

Page 20

Page 24

Page 32

6 **NAFA's 1989 Used Vehicle Marketing Survey Results**
Learn how long fleets are keeping their vehicles in service—and if your replacement cycle is in line with the industry average—how much money fleets recover from the sale of their used vehicles and much more in this annual report.

20 **"Gas Prices Will Hold Steady, Interest Rates Will Drop"**
Dr. Irwin Kellner, twice ranked as the nation's "Number One Economic Prognosticator," addressed fleet managers with these and other predictions at NAFA's Annual Conference in April.

24 **Professionalism: Living On The Edge; Expecting To Win**
If you want to be the best at what you do, you have to push yourself to the very edge and expect not to fall over. Those are the real traits of professionalism, according to Dr. Jack Llewellyn, who spoke at NAFA's recent Annual Conference.

32 **Police Fleet Needs Addressed at Workshop**
Details on NAFA's upcoming Law Enforcement Group Seminar/Workshop and Police Fleet Information Fair.

38 **NAFA's 1990 Reference Book . . . Open For Business**
Details on how you and your company can ensure maximum exposure in the yearly publication fleet managers consider must reading.

DEPARTMENTS

36 New Members and Affiliates

43 Wholesaler/Broker Directory

44 Directory of Auto Auctions

48 Directory of Fleet Car Dealers

NAFA's 1989 Used Vehicle Marketing Survey Results

NAFA's 1989 Used Vehicle Marketing Survey received 282 responses from United States and Canadian fleet administrators controlling 247,686 vehicles, 97 percent of which were defined as workmobiles, as opposed to perkmobiles. Of those vehicles, 150,849 were company-owned and 86,365 were leased. These fleets are comprised of 152,260 automobiles (61%), 76,304 light-duty trucks (31%), and 18,622 mini-vans (8%).

The following interpretation is given in five sections: U.S. Automobiles; U.S. Light-Duty Trucks; U.S. Mini-Vans; U.S. Sales Totals and Canadian Fleets. For in-depth, industry-by-industry statistics, see the charts on the following pages.

In a continuation of last year's trend, fleets are driving more miles in less months before turning their vehicles over, according to results of NAFA's 1989 Used Vehicle Marketing Survey.

Last year, fleets began keeping their vehicles shorter periods of time than in the past, but those vehicles had more miles on them than previous years. This year, the same is true, indicating the possibility that there may be fewer fleet vehicles on the roads than in the past, but those vehicles are getting more use.

From 1986 through 1988, for instance, written replacement policies averaged 36 months/60,000 miles, but actual average life service during those years was 32 months/64,540 miles, 31 months/64,350 miles and 30 months/61,000 miles.

One point readers should keep in mind while reviewing the following statistics is the great variation of results among industry groups. If, therefore, a "total average" seems high, one should compare separate industry numbers to see if perhaps one classification has a higher average than the others.

U.S. Automobiles

The responding 235 U.S. fleets said they sold 34,800 1986-1988 model

(continued on page 8)

Number of Responding Fleets

Industry Classification	U.S.	Canada	
Government/Law Enforcement	53	9	
Insurance	32	2	
Industrial Manufacturing	23	5	
Public Utility	23	2	
Consumer Manufacturing	19	2	
Drugs & Cosmetics	18	13	
Food & Beverage	18	0	
Chemical & Petroleum	16	6	
Banking/Financial	12	0	
Service Organization	9	3	
Communication	7	0	
Electronics	0	2	
Other	5	3	
Totals	**235**	**47**	**282**

Indicate the number of each type of vehicle in your fleet:

US Fleets	Drugs& Cosmetics	Chem. & Petroleum	Public Utility	Comm.	Food & Beverage	Indus. Manuf.	Gov. & Law Enfor	Service Org.	Insurance	Consum. Manuf.	Banking/ Financial	Elect.	Other	Total
Cars	14,114 (18)	6,157 (16)	17,780 (23)	808 (7)	9,408 (18)	20,062 (23)	26,115 (51)	3,960 (9)	26,732 (32)	14,435 (19)	2,374 (12)	No Response	523 (5)	142,468 (233)
Light-Duty Trucks	494 (11)	7,436 (14)	41,057 (23)	657 (5)	1,566 (13)	6,027 (18)	8,664 (47)	1,676 (7)	377 (17)	1,249 (8)	212 (11)	No Response	352 (2)	69,767 (176)
Mini-Vans	1,308 (13)	223 (10)	4,812 (19)	955 (4)	606 (11)	3,090 (19)	771 (37)	650 (6)	289 (16)	1,966 (13)	104 (7)	No Response	7 (3)	14,781 (158)
Total	15,916	13,816	63,649	2,420	11,580	29,179	36,050	6,286	27,398	17,650	2,690	No Response	882	227,516
Canada Fleets														
Cars	1,648 (12)	1,374 (6)	610 (2)	No Response	No Response	424 (5)	3,447 (8)	189 (3)	211 (2)	283 (2)	No Response	900 (2)	706 (3)	9,792 (45)
Light-Duty Trucks	6 (4)	1,611 (6)	885 (2)	No Response	No Response	20 (3)	3,931 (9)	80 (2)	No Response	1 (1)	No Response	3 (1)	No Response	6,537 (28)
Mini-Vans	24 (5)	66 (3)	167 (1)	No Response	No Response	224 (3)	338 (7)	1 (1)	No Response	1 (1)	No Response	7 (2)	3,013 (1)	3,841 (24)
Total	1,678	3,051	1,662	No Response	No Response	668	7,716	270	211	285	No Response	910	3,719	20,170

Of the above total vehicles, how many are:

US Fleets	Drugs& Cosmetics	Chem. & Petroleum	Public Utility	Comm.	Food & Beverage	Indus. Manuf.	Gov. & Law Enfor	Service Org.	Insurance	Consum. Manuf.	Banking/ Financial	Elect.	Other	Total
Workmobile	13,722 (17)	13,230 (16)	61,474 (21)	2,316 (7)	10,949 (17)	20,194 (21)	33,184 (47)	5,836 (8)	16,887 (30)	17,135 (18)	2,348 (12)	No Response	785 (5)	198,060 (219)
Perkmobile	2,191 (10)	115 (7)	1,531 (12)	104 (3)	621 (12)	681 (10)	148 (14)	71 (4)	496 (15)	213 (11)	243 (10)	No Response	97 (4)	6,511 (112)
Total	15,913	13,345	63,005	2,420	11,570	20,875	33,332	5,907	17,383	17,348	2,591	No Response	882	204,571
Canada Fleets														
Workmobile	1,523 (13)	2,917 (6)	1,562 (2)	No Response	No Response	430 (3)	7,545 (9)	259 (3)	165 (2)	249 (2)	No Response	215 (1)	3,631 (3)	18,496 (44)
Perkmobile	155 (12)	134 (2)	100 (1)	No Response	No Response	34 (3)	171 (6)	11 (2)	46 (1)	36 (2)	No Response	40 (1)	88 (3)	815 (33)
Total	1,678	3,051	1,662	No Response	No Response	464	7,716	270	211	285	No Response	255	3,719	19,311

Of the total vehicles in your fleet, indicate how many are:

US Fleets	Drugs& Cosmetics	Chem. & Petroleum	Public Utility	Comm.	Food & Beverage	Indus. Manuf.	Gov. & Law Enfor	Service Org.	Insurance	Consum. Manuf.	Banking/ Financial	Elect.	Other	Total
Company-Owned	1,101	6,555	54,021	1,146	6,262	10,041	35,772	1,122	16,923	4,937	1,817	No Response	98	139,795
Leased	14,850	6,790	9,628	1,274	5,308	10,027	278	5,164	10,249	12,084	873	No Response	784	77,309
Total	15,951	13,345	63,649	2,420	11,570	20,068	36,050	6,286	27,172	17,021	2,690	No Response	882	217,104
Canada Fleets														
Company-Owned	282	444	594	No Response	No Response	135	7,388	220	60	3	No Response	655	1,273	11,054
Leased	1,396	2,607	1,068	No Response	No Response	533	268	50	151	282	No Response	255	2,446	9,056
Total	1,678	3,051	1,662	No Response	No Response	668	7,656	270	211	285	No Response	910	3,719	20,110

Survey Results

(continued from page 6)

year automobiles last year, the majority of which were model year 1986. Responding U.S. fleets marketed automobiles through sales to employees, auto auctions, wholesalers, used car dealers, new car dealers and other means.

For the second consecutive year that such statistics have been tabulated, auto auctions are the most popular method of disposing of used fleet automobiles in the United States. Nearly twice as many automobiles were marketed through auctions as opposed to selling the vehicles to employees, the second most popular choice.

When these fleets sell automobiles to their employees, one out of four fleets uses *Automotive Market Report* (AMR) to determine selling prices. One out of five uses the *NADA Used Car Guide* and only one of ten uses their own accounting (book) value to set prices.

On the financial end, responding fleets said they recapture anywhere from 35 percent to 40 percent of the original cost of their automobiles when they are marketed.

U.S. Light-Duty Trucks

U.S. fleets responding to this year's survey said they marketed 4,647 1986-1988 model year light-duty trucks last year with nearly 40 percent being 1986 models. The average term in service for these vehicles ranged from 60.2 months/77,124 miles to 36 months/75,000 miles, which is in line with their written replacement cycles which average 60 months and anywhere from 60,000 to 75,370 miles.

Overall, responding U.S. fleets marketed 7,667 light-duty trucks last year through such avenues as employee sales, auto auctions, wholesalers, new car dealers and used car dealers. More than one-third of these trucks were consigned to auto auctions while another one-third were sold through wholesalers or brokers.

Ten out of every 100 light-duty trucks were sold to employees last year. Nearly one out of four fleets selling these vehicles to employees used *AMR* to establish the selling prices while one in five used the *NADA Used Car Guide*.

These fleets said they recapture from 20 percent to 30.5 percent of the original cost of their light-duty trucks when they are marketed.

U.S. Mini-Vans

Responding U.S. fleets said they marketed 1,401 1986-1988 model year mini-vans last year, with nearly one-half being 1986 models. The average lifecycle for these vehicles ranged from 30 months/60,000 miles to 40.5 months/66,804 miles. These parameters, too, are in line with their written replacement policies which ranged in average from 36 months/60,000 miles to 49 months/66,992 miles.

In total, U.S. fleets in this survey sold 1,876 mini-vans last year, with more than half being marketed through auto auctions and nearly 15 percent sold to employees. In those cases of employee sales, nearly one-third of the fleets use AMR to determine the vehicle's selling price while one out of five use the *NADA Used Car Guide*.

These fleets say they recapture anywhere from 33 percent to 40 percent of the original cost the mini-vans when they are marketed.

U.S. Sales Totals

U.S. fleets represented in this survey marketed 40,848 1986-1988 model year vehicles last year: 17,247 were 1986 models; 14,451 were 1987 models and 9,150 were 1988 models.

Overall, these fleets sold 14,706 to auto auctions; 6,820 to employees; 6,176 to wholesalers/brokers; 1,232 to new car dealers; 1,105 to used car dealers; and 10,309 via "other" methods. These fleets salvaged 500 vehicles.

Twenty-six percent of respondents selling vehicles to employees use *Automotive Market Report* to determine the vehicles' prices. Also, 20 percent use the *NADA Used Car Guide*, nine percent use their leasing companies' estimated market value and seven percent use their accounting (book value) to determine employee purchase

(continued on page 10)

The Toyota Fleet Perspective

The most important goal to Toyota is complete customer satisfaction. It's our ongoing commitment to satisfy you every step of the way. With over 1,000 Toyota Dealers nationwide, we are readily available to meet your parts, service and overall fleet needs. But it doesn't end there. With Toyota's 36-mo./36,000-mile basic new vehicle limited warranty, your fleet's covered all the way from roof liner to lug nuts.* No deductible, no transfer fee, and a 5-yr./unlimited-mileage warranty on corrosion/perforation. For more personalized information, contact the Toyota Regional Fleet Manager nearest you.

NATIONAL FLEET DEPARTMENT
Toyota Motor Sales, U.S.A., Inc.
Don Esmond
(213) 618-4591

BOSTON REGIONAL OFFICE
Frank Petrozzi
(617) 339-5701

CHICAGO REGIONAL OFFICE
Bill Kniewel
(312) 260-6240

CINCINNATI REGIONAL OFFICE
Chris Hahn
(513) 745-7500

DENVER REGIONAL OFFICE
Thom Gollands
(303) 799-6776

GULF STATES TOYOTA, INC.
J.D. MacArthur
(713) 744-3300

KANSAS CITY REGIONAL OFFICE
Ron Henry
(816) 891-1000

LOS ANGELES REGIONAL OFFICE
Dave Tripoli
(714) 833-8123

MID-ATLANTIC TOYOTA DISTRIBUTORS, INC.
Libby Marquardt
(301) 760-1500

NEW YORK REGIONAL OFFICE
Bill Dabb
(201) 575-7600

PORTLAND REGIONAL OFFICE
Mark Wankel
(503) 255-6440

SAN FRANCISCO REGIONAL OFFICE
Ed LaRocque
(415) 830-8300

SOUTHEAST TOYOTA DISTRIBUTORS, INC.
Ted Pass
(305) 429-2000

Survey Results

(continued from page 8)

prices. In 80 percent of these cases, it is the fleet managers themselves who determine which of the pricing guidelines will be used; leasing companies decide in four percent of the cases.

For those fleets measuring the success of their marketing efforts, 27 percent use AMR sales figures as their guideline to determine how well they are doing. Twenty-one percent compare their sale prices with the going market value of the vehicles and 20 percent compare figures with previously established internal standards. Thirteen percent of responding fleets do not measure the success of the marketing efforts.

With the previous statistics, it is interesting to note that only 48 percent of fleets marketing vehicles through auctions or wholesalers consign vehicles to a facility where it may obtain maximum resale value. In other words, 52 percent of these fleets will market their vehicles at a facility close to a driver's location rather than moving the vehicles to a more profitable site that may be some distance away.

Reconditioning, Title Transfers And More

Nearly 33 percent of all U.S. fleets in this survey never recondition their vehicles before they are sold and another 35 percent "rarely" recondition their vehicles, according to results. One out of five fleets "sometimes" recondition vehicles, while only seven percent do so "often" and six percent "always" do so.

For the combined nearly 68 percent of U.S. fleets that recondition their vehicles to any degree, seven out of ten spend less than an average of $300 per vehicle on reconditioning. Just more than 22 percent of these fleets have an average per vehicle reconditioning expense between $301 and $500; seven percent spend between $501 and $700; and one percent spend more than $700 reconditioning each vehicle.

If a U.S. driver's employment is terminated, nine times out of ten his or her "extra" vehicle will be reassigned to another employee, rather than sold.

When U.S. fleet vehicles are sold, the fleet manager or fleet staff handles title transfers in 46 percent of the cases represented in this survey. Leasing companies handle title transfers in 40 percent of the cases, while

(continued on page 15)

Indicate your actual, written replacement policies for each type of vehicle:

US Fleets	Drugs& Cosmetics	Chem. & Petroleum	Public Utility	Comm.	Food & Beverage	Indus. Manuf.	Gov. & Law Enfor	Service Org.	Insurance	Consum. Manuf.	Banking/ Financial	Elect.	Other	Total
Cars:														
Mean Months	36	35	70	36	34	37	62	41	37	36	32	No	37	44
Mean Miles	55,294	73,214	75,357	64,000	61,000	58,283	73,837	72,857	54,897	61053	53,182	Response	62,000	64,028
Med. Months	36	36	72	36	36	36	60	36	36	36	30		36	36
Med. Miles	55,000	67,500	77,500	60,000	60,000	60,000	70,000	75,000	50,000	60000	55,000		60,000	60,000
Mode Months	36	36	72	24	36	36	60	24	36	36	24		36	36
Mode Miles	55,000	60,000	80,000	60,000	60,000	60,000	60,000	75,000	50,000	60000	50,000		60,000	60,000
Light-Duty:														
Mean Months	43	47	78	40	40	46	77	45	52	47	39	No	48	60
Mean Miles	71,250	84,231	73,572	60,000	77,222	80,714	78,146	75,000	60,667	73,125	70,000	Response	60,000	75,370
Med. Months	36	42	84	36	36	45	72	42	48	39	36		48	60
Med. Miles	65,000	75,000	80,000	60,000	65,000	77,500	75,000	72,500	62,500	68,750	60,000		60,000	75,000
Mode Months	36	36	60	24	36	36	60	24	36	24	36		48	60
Mode Miles	55,000	78,500	80,000	60,000	60,000	100,000	75,000	55,000	70,000	55,000	60,000		60,000	60,000
Mini-vans:														
Mean Months	37	30	71	30	36	36	70	41	57	36	37	No	33	49
Mean Miles	57,083	67,857	78,182	60,000	62,556	61,059	74,833	77,000	56,750	62,273	66,250	Response	65,000	66,992
Med. Months	36	30	60	30	36	36	60	36	48	36	37		33	38
Med. Miles	55,000	70,000	80,000	60,000	60,000	60,000	73,500	75,000	50,000	60,000	57,500		65,000	65,000
Mode Months	36	24	60	24	36	36	60	12	36	36	36		30	36
Mode Miles	55,000	60,000	80,000	60,000	60,000	60,000	75,000	55,000	50,000	55,000	50,000		60,000	60,000

Canada Fleets														
Cars:														
Mean Months	34	40	48	No	No	34	58	48	36	36	No	24	41	39
Mean km	88,636	94,333	90,000	Response	Response	96,000	122,143	78,500	90,000	85,000	Response	90,000	83,333	95,325
Med. Months	36	36	48			36	60	48	36	36		24	40	36
Med. km	90,000	98,000	90,000			100,000	130,000	78,500	90,000	85,000		90,000	80,000	90,000
Mode Months	36	36	36			24	72	48	36	36		12	36	36
Mode km	90,000	100,000	90,000			80,000	130,000	77,000	90,000	80,000		90,000	60,000	90,000
Light-Duty:														
Mean Months	54	36	51	No	No	40	67	N/A	No	No	No	48	40	51
Mean km	95,000	92,000	90,000	Response	Response	113,333	127,222	250,000	Response	Response	Response	96,000	75,000	115,043
Med. Months	54	36	51			48	72	N/A				48	40	48
Med. km	95,000	90,000	90,000			100,000	130,000	250,000				96,000	75,000	100,000
Mode Months	48	36	42			48	60	N/A				48	40	36
Mode km	95,000	90,000	90,000			80,000	130,000	250,000				96,000	75,000	90,000
Mini-vans:														
Mean Months	48	40	51	No	No	36	62	3	No	36	No	42	40	46
Mean km	92,500	38,000	90,000	Response	Response	106,667	127,500	80,000	Response	90,000	Response	93,000	75,000	140,458
Med. Months	48	36	51			36	60	3		36		42	40	45
Med. km	92,500	90,000	90,000			100,000	130,000	80,000		90,000		93,000	75,000	95,000
Mode Months	36	36	42			24	60	3		36		36	40	36
Mode km	90,000	90,000	90,000			80,000	130,000	80,000		90,000		90,000	75,000	90,000

Indicate how many of each specific type of vehicle you marketed through each method.

US Fleets	Drugs& Cosmetics	Chem. & Petroleum	Public Utility	Comm.	Food & Beverage	Indus. Manuf.	Gov. & Law Enfor	Service Org.	Insurance	Consum. Manuf.	Banking/ Financial	Elect.	Other	Total
Cars:														
To employees	898	417	242	35	489	1,127	8	307	761	1,246	324	No	10	5,864
Auto Auction	1,812	329	1,272	42	1,208	339	1,094	106	1,039	3,400	96	Response	19	10,756
Wholesalers/ Brokers	349	365	340	30	375	610	476	0	202	637	129		2	3,515
Used Car Dealer	9	0	137	7	20	305	0	0	95	1	67		0	652
Trade-In to New Car Dealers	0	0	12	0	524	63	5	0	559	0	6		2	1,189
Salvaged	103	10	11	0	30	30	11	39	26	84	13		0	357
Other	301	99	227	0	21	1	1,847	114	148	56	0		6	2,820
Light-Duty:														
To employees	4	282	134	0	43	148	0	31	1	11	14	No	15	683
Auto Auction	8	138	2,312	9	22	125	18	45	35	21	10	Response	50	2,950
Wholesalers/ Brokers	4	95	1,372	6	222	223	386	0	0	94	100		10	2,512
Used Car Dealer	3	4	333	2	0	0	0	0	0	9	5		0	356
Trade-In to New Car Dealers	0	1	25	0	7	1	1	0	0	0	2		0	37
Salvaged	0	17	21	5	8	7	4	21	0	36	0		0	119
Other	0	263	529	0	0	1	192	24	1	0	0		0	1,010
Mini-vans:														
To employees	92	13	7	0	8	78	4	35	1	35	0	No	No	273
Auto Auction	171	17	577	1	3	76	3	39	0	110	3	Response	Response	1,000
Wholesalers/ Brokers	23	8	29	0	11	46	6	0	0	25	1			149
Used Car Dealer	1	0	29	0	0	61	0	0	0	0	6			97
Trade-In to New Car Dealers	0	0	0	0	6	0	0	0	0	0	0			6
Salvaged	3	0	6	0	2	9	0	2	0	2	0			24
Other	4	0	317	0	0	0	0	4	0	2	0			327
Total	3,775	2,058	7,932	137	2,969	3,250	4,055	767	2,868	5,769	776	No Response	114	34,696

Canada

Canada Fleets	Drugs& Cosmetics	Chem. & Petroleum	Public Utility	Comm.	Food & Beverage	Indus. Manuf.	Gov. & Law Enfor	Service Org.	Insurance	Consum. Manuf.	Banking/ Financial	Elect.	Other	Total
Cars:														
To employees	139	190	0	No	No	67	8	42	12	15	No	295	9	777
Auto Auction	175	155	84	Response	Response	4	138	0	15	44	Response	20	251	886
Wholesalers/ Brokers	179	227	0			33	40	10	0	8		5	24	526
Used Car Dealer	10	0	0			16	0	0	0	0		0	9	35
Trade-In to New Car Dealers	0	0	0			0	2	0	5	0		0	0	7
Salvaged	2	2	0			0	6	0	0	0		0	0	10
Other	0	9	0			18	96	1	42	0		365	0	531
Light-Duty:														
To employees	0	140	0	No	No	0	3	1	No	No	No	No	0	144
Auto Auction	0	150	335	Response	Response	0	200	0	Response	Response	Response	Response	792	1,477
Wholesalers/ Brokers	0	59	0			7	275	0					0	341
Used Car Dealer	0	0	0			4	0	0					0	4
Trade-In to New Car Dealers	2	0	0			0	0	0					0	2
Salvaged	0	0	0			0	1	0					0	1
Other	0	57	0			0	5	6					0	68
Mini-vans:														
To employees	2	No	No	No	No	16	0	No	No	No	No	No	No	18
Auto Auction	0	Response	Response	Response	Response	0	1	Response	Response	Response	Response	Response	Response	1
Wholesalers/ Brokers	0					22	0							0
Used Car Dealer	0					0	0							0
Trade-In to New Car Dealers	0					0	0							0
Salvaged	0					0	0							0
Other	0					0	0							0
Total	509	989	419	No Response	No Response	187	775	60	74	67	No Response	685	1,085	4,850

A Canadian Perspective On Used Vehicle Marketing

The 47 Canadian fleets responding to NAFA's 1989 Used Vehicle Marketing Survey said they sold 2,144 1986-1988 model year automobiles, 422 1986-1988 model year light-duty trucks and 43 1986-1988 model year mini-vans last year. Of those 2,609 vehicles, 1,215 were model year 1986, 694 were model year 1987 and 700 were model year 1988.

Overall last year, these fleets sold 4,850 vehicles, nearly half of which were marketed through auto auctions. Twenty percent of these vehicles were sold to employees, 18 percent were sold to wholesalers or brokers and 13 percent to either new car dealers, used car dealers or "others".

Survey Results

(continued from page 10)

fleet service vendors do so two percent of the times. "Others" handle title transfers 12 percent of the times.

Fifteen percent of United States fleets sell the majority of their vehicles during May, according to survey results. This was followed closely by October and April, with 14 percent and 13 percent of fleets saying those are their busiest sales months, respectively. The remainder of the calendar, in terms of busiest sales months, is: November, March, June, February, September, July and December (tied) and January and August (tied).

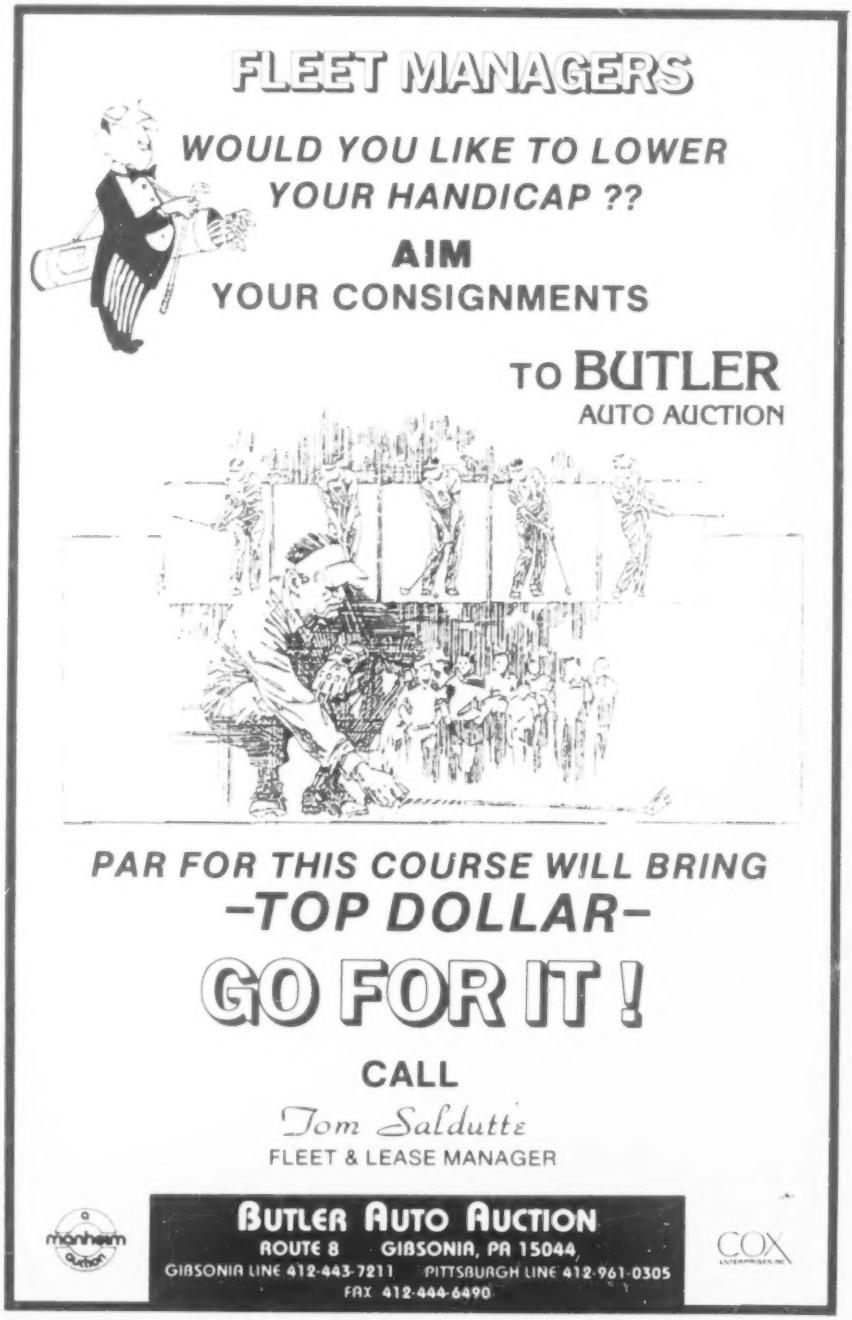
Nearly half of the responding U.S. fleets said they have no plans to change any facets of their operations in order to positively affect their used vehicle marketing efforts.

For those fleets planning a change in their vehicle marketing, 28 percent said they will use another make or model of vehicle in their fleets in order to enhance their resale market. Another 23 percent said they will change their replacement cycles: Three in ten will keep vehicles in service more months and miles; three in ten will keep vehicles in service fewer months and miles; and four in ten will do something "other" than those options. Another 18 percent said they will change the type of engine in their vehicles; 14 percent said they will change the optional equipment in the vehicles and nine percent said they will use a different method of resale.

Black Book Is Best

For those fleets selling their vehicles to employees, more than one-third use the *Canadian Black Book* to determine selling prices. Sixteen percent use their leasing companies' esti-

(continued on page 17)



Canadian Perspective

(continued from page 15)

mated market value to determine prices; 15 percent use their accounting (book) value and 13 percent use an auto auction report. The remaining fleets use the fleet managers' estimated market value, *Red Book* used car valuation or "other" methods. In eight of ten cases, fleet managers determine which of the previous pricing methods will be used when selling vehicles to employees.

When these fleets sell their vehicles through auctions or wholesalers, 52 percent will do so at a facility close to the driver's location. Seen the other way, 48 percent will move the vehicle to a facility that may prove to be more

(continued on page 18)

Indicate the average number of months and miles for each type of vehicle sold in 1988.

US Fleets	Drugs& Cosmetics	Chem. & Petroleum	Public Utility	Comm.	Food & Beverage	Indus. Manuf.	Gov. & Law Enfor	Service Org.	Insurance	Consum. Manuf.	Banking/ Financial	Elect.	Other	Total
Cars														
Months in Service:														
Mean	26.7	33.6	73.3	36.0	28.4	27.4	51.7	39.8	28.9	25.9	30.4	No	37.6	39.2
Median	27.0	29.0	72.5	36.0	30.0	27.0	50.0	28.5	29.0	25.5	28.0	Response	36.0	32.0
Mode	27.0	24.0	48.0	24.0	30.0	24.0	6.0	24.0	24.0	24.0	24.0		36.0	24.0
Miles in Service:														
Mean	53,786	67,195	73,175	73,000	55,775	59,775	75,122	65,857	55,071	56,248	52,080		62,000	63,163
Median	54,250	60,000	75,000	60,000	60,000	59,500	75,000	75,000	54,575	56,000	50,000		62,500	60,000
Mode	55,000	60,000	75,000	59,000	70,000	50,000	55,000	75,000	50,000	48,000	50,000		50,000	60,000
Light-Duty														
Months in Service:														
Mean	39.4	42.2	82.1	76.5	38.5	42.2	71.4	70.4	59.2	49.7	35.7	No	46.0	60.2
Median	36.0	36.0	84.5	76.5	32.0	36.0	66.0	54.0	50.0	42.0	35.5	Response	46.0	51.5
Mode	30.0	36.0	96.0	60.0	32.0	30.0	48.0	24.0	50.0	27.0	24.0		44.0	36.0
Miles in Service:														
Mean	62,200	84,701	80,170	123,333	70,275	73,945	76,907	82,285	57,750	79,130	65,622		107,500	77,124
Median	62,000	86,000	85,000	150,000	60,000	84,503	80,000	95,000	56,000	79,761	65,000		107,500	75,440
Mode	50,000	59,000	40,000	45,000	60,000	95,000	70,000	50,000	40,000	100,000	75,000		65,000	75,000
Mini-vans														
Months in Service:														
Mean	25.8	26.4	58.0	No	23.0	23.7	70.7	50.4	33.0	30.8	34.0	No	30.0	40.5
Median	28.5	24.0	60.0	Response	26.0	24.0	60.0	50.0	33.0	31.0	36.0	Response	30.0	30.0
Mode	16.0	24.0	27.0		10.0	18.0	48.0	12.0	22.0	33.0	36.0		30.0	30.0
Miles in Service:														
Mean	58,267	80,697	84,568		53,876	59,556	72,679	70,000	49,000	59,090	66,166		0	66,804
Median	57,650	62,500	69,000		60,000	58,544	73,000	75,000	49,000	58,261	70,000		0	62,000
Mode	48,000	60,000	49,938		22,882	50,000	75,000	75,000	49,000	56,341	70,000		0	60,000

Canada

Canada Fleets	Drugs& Cosmetics	Chem. & Petroleum	Public Utility	Comm.	Food & Beverage	Indus. Manuf.	Gov. & Law Enfor	Service Org.	Insurance	Consum. Manuf.	Banking/ Financial	Elect.	Other	Total
Cars														
Months in Service:														
Mean	27.4	26.4	48.0	No	No	36.6	55.4	35.5	30.0	33.5	No	18.0	35.3	34.2
Median	27.0	26.0	48.0	Response	Response	36.0	48.0	36.0	30.0	33.5	Response	18.0	36.0	30.0
Mode	24.0	20.0	36.0			36.0	36.0	22.0	24.0	29.0		12.0	25.0	24.0
Kilometers in Service:														
Mean	90,363	91,625	100,000			98,915	130,000	105,667	91,000	87,500		33,000	101,350	97,830
Median	90,000	90,000	100,000			100,000	130,000	110,000	91,000	87,500		33,000	101,350	92,000
Mode	90,000	80,000	100,000			60,000	130,000	77,000	90,000	85,000		33,000	87,000	90,000
Light-Duty														
Months in Service:														
Mean	60.0	34.5	50.0	No	No	48.5	66.8	47.5	No	No	No	No	46.0	55.0
Median	60.0	34.5	50.0	Response	Response	48.5	72.0	47.5	Response	Response	Response	Response	46.0	48.0
Mode	60.0	30.0	40.0			48.0	48.0	47.0					46.0	48.0
Kilometers in Service:														
Mean	59,000	97,468	100,000			131,275	140,833	210,000					102,000	132,232
Median	59,000	97,468	100,000			131,275	142,500	210,000					102,000	120,000
Mode	59,000	90,000	100,000			125,000	90,000	120,000					102,000	90,000
Mini-vans														
Months in Service:														
Mean	No	No	50.0	No	No	50.0	48.0	No	No	No	No	No	46.0	48.7
Median	Response	Response	50.0	Response	Response	50.0	48.0	Response	Response	Response	Response	Response	46.0	48.0
Mode			40.0			50.0	48.0						46.0	48.0
Kilometers in Service:														
Mean			100,000			159,865	200,000						102,000	140,466
Median			100,000			159,865	200,000						102,000	130,933
Mode			100,000			159,865	200,000						102,000	100,000

Canadian Perspective

(continued from page 17)

profitable even if it is a further distance away from the driver.

Automobiles sold by these fleets last year had average lifecycles ranging from 24 months/90,000 kilometers, to 34.2 months/97,830 km. Light-duty trucks had average lifespans from 48 months/90,000 km, to 55 months/132,232 km. Mini-vans averaged from 48 months/100,000 km to 48 months/140,466 km.

To compare the above statistics, average written replacement policies for Canadian automobiles ranged from 36 months/ 90,000 km, to 39 months/95,325 km. Written policies for light-duty trucks ranged between 36 months/90,000 km, to 51 months/ 115,043 km. Written policies for mini-vans ranged from 36 months/90,000 km, to 46 months/140,458 km.

Indicate the methods used to determine prices for each type of vehicle sold to employees in 1988

US Fleets	Cars	Light-Duty Trucks	Mini-Vans	Total
Accounting (Book)Value	26	11	7	44
Auction Report	18	10	8	36
Automotive Mkt. Report	83	40	35	158
Black Book's Finance & Lease Guide	4	3	1	8
Black Book Weekly	19	11	6	36
Fleet Mgrs. Est. Mkt. Value	21	13	7	41
Galve's Auto Price List	6	2	3	11
Kelley Blue Book	17	9	4	30
Leasing Co. Est. Mkt. Value	27	16	12	55
NADA Used Car Guide	61	37	24	122
Red Book Used Car Valuation	10	2	3	15
Other	21	16	7	44

Canada

US Fleets	Cars	Light-Duty Trucks	Mini-Vans	Total
Accounting (Book)Value	9	4	1	14
Auction Report	7	3	2	12
Canadian Black Book	21	8	3	32
Fleet Mgrs. Est. Mkt. Value	4	3	2	9
Kelley Blue Book	0	0	0	0
Leasing Co. Est. Mkt. Value	10	4	1	15
Red Book Used Car Valuation	2	3	2	7
Other	3		1	4

Returns On Investments

On the financial end of marketing, responding Canadian fleets claim they recapture a range of 20 percent to 35.5 percent of the original price of each automobile when it is marketed. For light-duty trucks, they recapture from 10 percent to 28.4 percent; for mini-vans, from 21.9 percent to 25 percent.

To determine how well they did when marketing their vehicles, 40 percent these fleets compare their results with the market value of the vehicles. Twenty percent of these fleets compare their results with their actual lease or purchase price, another 20 percent compare with previously established internal standards and nine percent compare their results with other, similar-sized and equipped fleets. Twenty-three percent of Canadian respondents do not measure their resale efforts in any way.

Selling "As Is"

Thirty percent of responding Canadian fleets do not recondition their vehicles in any manner before selling them, while another 45 percent said they rarely recondition vehicles. Ten percent of these fleets "sometimes" recondition their vehicles, eight percent "often" do so, and seven percent "always" do so.

For the combined 70 percent of Canadian fleets that to some degree recondition their vehicles, more than half spend less than $300. Three in ten of these fleets spend between $301-$500 and less than two of every ten spend more than $500.

When a Canadian driver's employment is terminated, eight times out of ten the fleet will reassign that "extra" vehicle to another employee, rather than sell it.

Leasing companies handle 62 percent of title transfers for responding Canadian fleets when their vehicles are sold. Fleet managers handle these responsibilities 21 percent of the times, "others" do so 15 percent of the times and fleet service vendors do so

(continued on page 35)

Canadian Perspective

(continued from page 18)

two percent of the times.

Responding Canadian fleets are most active selling their vehicles during May. The remainder of the calendar, in order of number of vehicles sold, is: February and March (tied); April, June, September and October (tied); November and December (tied); August; and January and July (tied).

No Changes Planned

More than half of these fleets said they plan no changes in their operations to positively affect their resale efforts. For those planning changes, 29 percent said they will change the engine type in their vehicles; 23 percent will change the make or model of vehicles in service; 17 percent will change their method of resale; 17 percent will change their replacement cycles; and 14 percent will change the optional equipment in their vehicles.

Indicate the percent of the original price (or cap cost) for each type of vehicle that was recaptured from its sale.

US Fleets	Drugs& Cosmetics	Chem. & Petroleum	Public Utility	Comm.	Food & Beverage	Indus. Manuf.	Gov. & Law Enfor	Service Org.	Insurance	Consum. Manuf.	Banking/ Financial	Elect.	Other	Total
Cars:														
Mean	48.0%	39.9%	13.7%	25.6%	39.3%	41.1%	27.1%	40.8%	47.0%	47.3%	47.2%	No	26.7%	36.5%
Median	42.5%	40.0%	13.0%	25.0%	40.0%	42.0%	25.0%	35.0%	50.0%	45.0%	44.5%	Response	32.0%	35.0%
Mode	38.0%	29.0%	10.0%	13.0%	30.0%	30.0%	20.0%	30.0%	50.0%	45.0%	40.0%		13.0%	40.0%
Light-Duty:														
Mean	42.3%	30.2%	17.1%	18.0%	33.1%	43.8%	31.1%	28.0%	33.3%	29.0%	43.6%	No	13.0%	30.5%
Median	30.0%	31.0%	16.0%	16.0%	31.0%	40.0%	27.0%	24.0%	21.0%	28.5%	34.5%	Response	13.0%	25.0%
Mode	18.0%	40.0%	10.0%	5.0%	19.0%	10.0%	20.0%	15.0%	20.0%	10.0%	31.0%		13.0%	20.0%
Mini-vans:														
Mean	45.8%	38.0%	15.8%	22.5%	38.8%	41.0%	27.2%	53.3%	60.5%	48.2%	36.8%	No	No	34.8%
Median	45.0%	40.0%	15.0%	22.5%	42.0%	50.0%	27.0%	45.0%	60.5%	49.5%	32.5%	Response	Response	33.0%
Mode	18.0%	40.0%	10.0%	10.0%	16.0%	50.0%	25.0%	30.0%	47.0%	32.0%	25.0%			40.0%
Canada Fleets														
Cars:														
Mean	46.6%	39.4%	20.0%	No	No	24.3%	25.8%	20.0%	38.5%	47.0%	No	80.0%	24.0%	35.5%
Median	50.5%	44.0%	20.0%	Response	Response	25.0%	24.0%	20.0%	38.5%	47.0%	Response	80.0%	24.0%	35.0%
Mode	51.0%	20.0%	15.0%			13.0%	5.0%	20.0%	35.0%	47.0%		80.0%	5.0%	20.0%
Light-Duty:														
Mean	48.0%	48.7%	19.0%	No	No	22.5%	25.6%	20.0%	No	No	No	No	10.0%	28.4%
Median	48.0%	48.0%	19.0%	Response	Response	22.5%	23.0%	20.0%	Response	Response	Response	Response	10.0%	24.5%
Mode	48.0%	48.0%	15.0%			18.0%	32.0%	20.0%					10.0%	10.0%
Mini-vans:														
Mean	No	No	20.0%	No	No	21.5%	23.3%	No	No	No	No	No	No	21.9%
Median	Response	Response	20.0%	Response	Response	21.5%	22.0%	Response	Response	Response	Response	Response	Response	22.0%
Mode			15.0%			18.0%	12.0%							25.0%

Indicate how many of each specific type of vehicle for each model year you sold in 1988:

US Fleets	Drugs& Cosmetics	Chem. & Petroleum	Public Utility	Comm.	Food & Beverage	Indus. Manuf.	Gov. & Law Enfor	Service Org.	Insurance	Consum. Manuf.	Banking/ Financial	Elect.	Other	Total
Cars:														
Model 1986	2,622	1,344	260	33	1,980	1,577	2,240	228	2,071	1,922	477	No	6	14760
Model 1987	1,793	1,154	186	17	1,425	1,465	1,847	224	1,497	2,753	75	Response	3	12439
Model 1988	1,129	1,012	139	15	1,267	1,105	1,929	104	249	651	1		0	7601
Light-Duty:														
Model 1986	7	889	230	3	204	24	315	41	15	44	37	No	No	1809
Model 1987	4	718	167	0	20	250	273	29	13	26	5	Response	Response	1505
Model 1988	8	533	142	0	15	219	256	15	0	145	0			1333
Mini-vans:														
Model 1986	237	9	79	1	13	166	20	60	25	53	15	No	No	678
Model 1987	91	29	95	0	7	158	24	22	6	72	3	Response	Response	507
Model 1988	14	27	37	0	15	48	17	0	0	58	0			216
Total	5,905	5,715	1,335	69	4,946	5,012	6,921	723	3,876	5,724	613	No Response	9	40848
Canada Fleets														
Cars:														
Model 1986	261	310	0	No	No	84	29	32	74	35	No	40	27	898
Model 1987	231	186	20	Response	Response	70	5	2	0	32	Response	25	12	583
Model 1988	21	2	0			35	0	20	0	0		580	5	663
Light-Duty:														
Model 1986	No	204	No	No	No	12	53	7	No	No	No	No	No	276
Model 1987	Response	83	Response	Response	Response	8	17	1	Response	Response	Response	Response	Response	109
Model 1988		27				4	2	4						37
Mini-vans:														
Model 1986	3	No	No	No	No	38	No	No	No	No	No	No	No	41
Model 1987	2	Response	Response	Response	Response	0	Response	Response	Response	Response	Response	Response	Response	2
Model 1988	0					0								0
Total	518	818	20	No Response	No Response	251	106	66	74	67	No Response	645	44	2,609